

Mary's Shelter  
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February 13, 2013

U.S. Congressman David Camp  
Chairman of the Ways and Means Committee

RE: Hearing on the Itemized Deduction for Charitable Contributions

As Executive Director of a small human-services nonprofit, Mary's Shelter, I need you to understand the tremendous impact of charitable deduction tax law on the ability to serve those most in need in our community.

- Mary's Shelter requires at least \$725,000 in annual charitable contributions, in addition to what we receive in government (AFDC) subsidies, in order to care for up to 18 homeless teen mothers and 12 of their babies at a time.
- Over 60% of our donations come from individuals. The remaining donations come from private foundations, various churches, religious groups and civic organizations.
- There is a wide range in the amount of donations we receive from our regular individual supporters (from \$15 per month through \$40,000 per year), although these gifts represent a similar *percentage* of personal income. As in most things human, 20% of the people account for 80% of what is accomplished. Bearing out this theorem, the top 20% (120) donors to our agency in 2012 contributed \$327,140 – exactly 79.99% of total donations!
- For this reason, **caps on charitable donations for high-income tax payers will have a disproportionately negative impact on the nonprofit sector.** Even though commitment to our mission and generous hearts are behind the charitable gifts we receive, the individuals able to give the largest dollar amounts still need to make economic sense out of their voluntary investments in the community. Donors have told me that they would rather give money directly to causes they believe in rather than to the government for causes they may not support.
- Our agency, through its charitable supporters, provides services the county and state government can't afford. **Tax law changes that reduce the individual's incentive to make charitable donations, or discourage a higher amount of such gifts, will ultimately result in a larger burden being placed on the government/taxpayers** as small social service agencies close for lack of private support. Further, stereotypes about the efficiency of the private sector compared to government bureaucracy are understated, in my personal experience!
- Lastly, being able to transfer IRA funds directly to a nonprofit agency without tax consequences is an effective incentive for older donors to continue supporting causes dear to them and needed by our citizens. **Please make this provision permanent.**

For context, Mary's Shelter is an independent, faith-based nonprofit providing residential care and life-changing services for teen mothers and their babies in Southern California for over 18 years. We prepare teen mothers to be self-sufficient and give their children a healthy start in life, benefitting society through their lifetimes. Mary's Shelter is a 501(c)(3) organization with 38 employees, over 50 volunteers and a \$1.9 million annual budget – part of the "Third Sector" in our national economy.

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